

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 2156 – HB 3269

February 21, 2012

SUMMARY OF BILL: Prohibits students in the third or eighth grade from being promoted to the next grade level until the student has demonstrated an understanding of the curriculum and an ability to perform the skills required for the current grade level as shown by the student's grades or test scores. Keeps current authorization for promotion if the student participates in an LEA approved research-based intervention program prior to the beginning of the school year. The bill will be effective for the FY12-13 school year.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – Exceeds \$6,831,000/FY17-18 to FY21-22
Exceeds \$13,942,000/FY22-23 and Subsequent Fiscal Years**

**Increase Local Expenditures – Exceeds \$3,773,700/FY17-18 to FY21-22
Exceeds \$7,398,800/FY22-23 and Subsequent
Fiscal Years**

Assumptions:

- According to the Department of Education's (DOE) 2009-10 Annual Statistical Report, the number of students retained in 2009-10 was 21,033, while 900,409 were promoted.
- In the 2011-2012 school year, there will be 144,730 students in grades three and eight. DOE estimates that under current guidelines, approximately 2.28 percent (3,300) will be retained and 97.72 percent (141,430) will be promoted.
- DOE estimates that five percent of those promoted (7,072) will be retained and that 100 percent of students retained will participate in a LEA intervention program.
- The bill will take effect in the 2012-2013 school year.
- For eighth graders who are retained, the impact will be felt in the BEP in FY17-18 and subsequent fiscal years when retained students, who otherwise would have graduated, reach the 12th grade.
- For third graders who are retained, the impact will not be felt for 10 years, in FY22-23 and subsequent fiscal years, when retained students, who otherwise would have graduated, reach the 12th grade.
- Eighth grade students represent approximately 49 percent of the total students (3,465) who will be retained.

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- For eighth graders, DOE estimates that 50 percent (1,732) will be retained and 50 percent (1,732) will be successfully remediated through an LEA intervention program.
- The BEP currently funds each student at a rate of \$6,037 (\$3,944 state and \$2,093 local match).
- In FY17-18 and subsequent fiscal years, it is assumed that the BEP will be funding at a higher per student expenditure than FY11-12.
- The increase in state BEP expenditures in FY17-18 and subsequent fiscal years for retained eighth graders will exceed \$6,831,000 ($\$3,944 \times 1,732$ students). The increase in BEP local match expenditures for retained eighth graders in FY17-18 and subsequent fiscal years will exceed \$3,625,076 ($\$2,093 \times 1,732$ students).
- Third graders represent approximately 51 percent of the total number of retained students (3,606).
- For third graders, DOE estimates that 50 percent (1,803) will be retained and 50 percent (1,803) will be successfully remediated through an LEA intervention program.
- In FY22-23 and subsequent fiscal years, the increase in state BEP expenditures for retained third graders will exceed \$7,111,032 ($\$3,944 \times 1,803$ students). The increase in BEP local match expenditures for retained third graders in FY22-23 and subsequent fiscal years will exceed \$3,773,679 ($\$2,093 \times 1,803$ students).
- The increase in state expenditures in FY22-23 and subsequent fiscal years for retained third graders and eighth graders will exceed \$13,942,032 ($\$6,831,000 + \$7,111,032$).
- The increase in local expenditures in FY22-23 and subsequent fiscal years will exceed \$7,398,755 ($\$3,625,076 + \$3,773,679$).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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